

## § 1421.11

(1) An estimated cost of milling rough rice; and

(2) An estimated cost of transporting rough rice from farm to mill locations.

(vi) The price determined under paragraph (c)(4)(v) of this section may be adjusted to a whole kernel loan rate basis by deducting the estimated world market value of the total quantity of broken kernels contained in such rice and dividing the resulting value by the estimated national average quantity of milled whole kernels produced in milling 100 pounds of rice.

(5) The adjusted world price for each class of rice, loan rate basis, shall be determined by CCC and announced, to the extent practicable, on or after 7 a.m. Eastern Standard Time each Wednesday or more frequently as determined necessary by CCC, continuing through the later of:

(i) The last Wednesday of July 2007; or

(ii) The last Wednesday of the latest month the 2007-crop rice loans mature, or

(iii) In the event that Wednesday is a non-workday, the determination will be made on the next work day, on or after 7 a.m. Eastern Standard Time.

[67 FR 63511, Oct. 11, 2002, as amended at 71 FR 32424, June 6, 2006; 71 FR 35147, June 19, 2006]

## § 1421.11 Spot checks.

(a) CCC may inspect the collateral for marketing assistance loans, and producers with such loans shall allow CCC access to the farm and storage facility as necessary to conduct collateral inspections, or “spot checks” as they are called. Spot checks will verify that the quality and quantity of farm-stored commodities pledged as collateral for marketing assistance loans are maintained by the producer.

(b) Loan deficiency payments are selected for spot check to ensure that all eligibility requirements, as required by CCC, are met in order to receive such loan deficiency payment.

(c) Producers must present production evidence for commodities acceptable to CCC when a spot check is conducted.

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## § 1421.12 Production evidence.

(a) Producers who redeem marketing assistance loan collateral at the prevailing world market price for rice, or the alternative repayment rate for all other commodities, as CCC determines or receives a loan deficiency payment may be required to provide CCC with:

(1) Evidence of production of the collateral such as:

(i) Evidence of sales,

(ii) Delivery evidence,

(iii) Load summaries from warehouse, processor, or buyer,

(iv) Warehouse receipts

(v) Paid measurement service

(vi) Spot check measurements with paid measurement service

(vii) Cleaning tickets for seed (viii) Scale tickets, if not issued by the producer for the producer's own production

(ix) Core tests for wool and mohair

(x) Maximum eligible quantity as determined by CCC

(2) The storage location of the collateral that has not been otherwise disposed of and access to such collateral;

(3) Permission to inspect, examine, and make copies of the records and other written data as deemed necessary to verify the eligibility of the producer and commodity;

(4) In the case of wool and mohair, permission to examine and inspect the sheep herd; and

(5) Any other evidence requested by the county FSA service center or the Deputy Administrator, FSA.

(b) A producer who fails to provide acceptable evidence of production shall be required to repay the market gain or loan deficiency payment and charges, plus interest, as determined by CCC.

## § 1421.13 Special marketing assistance loans and loan deficiency payments.

(a) Commodities stored in an unapproved storage facility may be pledged as collateral for a marketing assistance loan if the producer:

(1) Makes a request for the marketing assistance loan and obtains the commodity certificate to immediately exchange for the requested loan collateral at the same time at the county office that, under part 718 of this title, is